

Message Text

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ACTION AF-05

INFO OCT-01 ISO-00 EB-05 DRC-01 RSC-01 (ISO) W

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R 221550Z FEB 74

FM AMEMBASSY LAGOS

TO USDOC

INFO SECSTATE WASHDC 2880

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COMMERCE FOR MEPD

E.O. 11652: N/A

TAGS: BEXP, ENRG, NI

EIBJ: PETROLEUM REFINERY PROJECT

REF: STATE 031539

1. SEE LAGOS 1458 FOR FOSTER WHEELER COMMENTS ON SEVERAL POINTS RAISED REFTEL.
2. WE DO NOT HAVE NAMES OF FOREIGN FIRMS INVITED PREQUALIFY BUT WE UNDERSTAND PREQUALIFICATION QUESTIONNAIRES SENT TO AT LEAST 2 DOZEN FIRMS OF VARIOUS NATIONALITIES.
3. SO FAR AS USG ACTION IN SUPPORT US FIRMS' POSITION IS CONCERNED, WILL BE IMPORTANT TO KNOW WHICH US FIRMS PLAN TO PURSUE PROJECT, WHAT ACTIONS THEY ARE CONTEMPLATING ON THEIR OWN ACCOUNT AND WHAT THEY THINK USG CAN DO TO HELP THEIR CAUSE. IN OUR CONTACTS WITH US FIRMS WE WILL DO WHAT WE CAN TO DEVELOP INFORMATION ABOUT US SOURCING BUT SUGGEST COMMERCE MAY BE IN BETTER POSITION CHECK THIS OUT WITH HEAD OFFICES IN US.
4. MINISTRY OF MINES AND POWER HAS OBVIOUSLY ADOPTED LUMP SUM BASIS FOR BIDS BECAUSE IT LACKS SUFFICIENT SUPERVISORY PERSONNEL TO MONITOR COST-PLUS CONTRACT. FOSTER WHEELER AND OTHER US FIRMS WILL PROBABLY DOCUMENT THIS ALTERNATIVE, AND

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COST ADVANTAGE MAY RPT MAY PERSUADE FMG TO CHANGE MINDS.

US FIRMS SHOULD, NEVERTHELESS, PREPARE FOR LUM SUM BID IF THEY BELIEVE PROJECT WORTH PURSUING. IN EMBASSY'S OPINION, CIRCUMSTANCES RIPE FOR FIRM OF US CONSULTING ENGINEERS WHICH COULD OVERSEE COST-PLUS PROJECT ON BEHALF FMG. EMBASSY NOT CERTAIN, HOWEVER, IF ANY SUCH FIRM COULD PERSUADE MMP TO REDEFINE OWN ROLE AND THAT OF PRESENT CONSULTANTS (BEICIP). DOES EXPERIENCE OF US FIRMS ELSEWHERE SUGGEST SOLUTION ALONG THESE LINES WHICH SUITABLE FIRM COULD PRESENT TO MMP?

5. "CASH BASIS" MEANS THAT OFFERS SHOULD ASSUME IMMEDIATE CASH PAYMENTS WITHOUT CONSIDERING FOREIGN OR DOMESTIC FINANCE, LETTERS OF CREDIT, ETC. BUOYED BY OIL REVENUES, FMG FAVORS PRINCIPLE OF PAY-AS-YOU-GO IN BELIEF THIS MIXIMIZES INDEPENDENCE AND RESWWTs IN LOWEST POSSIBLE COST. REFERENCE TO "ALTERNATE FINANCING" PROBABLY KEEPS DOOR OPEN TO POSSIBILITY OF COMMERCIAL OR CONCESSIONAL FINANCING PROPOSAL WHICH MIGHT BE MORE ADVANTAGEOUS TO FMG THAN PAYING CASE.
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Message Attributes

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